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KEY ANACON MINES LIMITED

Suite 908,
330 Bay Street,
Toronto 1, Ontario.

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a General Meeting of the Shareholders of KEY ANACON MINES LIMITED (hereinafter called the "Company") will be held in the New Brunswick Room, Royal York Hotel, Toronto, Ontario, Canada, on Monday, the 29th day of December, 1969, at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To consider and, if thought fit, to confirm an agreement dated November 18, 1969, between the Company and Kent Line Limited, of Saint John, N.B., whereunder Kent Line Limited has agreed to lend to the Company the sum of \$200,000, repayable two years from the date of the loan with interest at 8¾% payable monthly. In consideration of the loan the Company will grant to Kent Line Limited an option, exercisable during such two year period, to purchase shares in the Company up to an aggregate value of \$200,000.
Full particulars of the said agreement are set forth in the Information Circular which accompanies and forms a part of this Notice.
2. To consider and, if thought fit, to confirm a resolution to be passed by the directors of the Company prior to the general meeting of which notice is hereby given, and which will provide as follows:

"WHEREAS this Company may require funds in an aggregate amount of approximately \$600,000 prior to the next annual meeting of the shareholders of this Company, such funds to be used for repaying bank loans, interest and other corporate purposes;

AND WHEREAS this Company may wish to borrow such funds at any time and from time to time prior to the next annual meeting of the shareholders of this Company from Kent Line Limited, its nominee or nominees, or any other lender which may or may not be an associate of or related to this Company.

NOW THEREFORE BE IT RESOLVED that the general meeting of the shareholders of this Company called to approve of the terms and conditions pertaining to the current borrowing of \$200,000 by this Company from Kent Line Limited be requested to approve of this Company borrowing at any time and from time to time prior to the next annual meeting of the shareholders of this Company an aggregate amount not exceeding \$600,000 from Kent Line Limited, its nominee or nominees, or from any other lender which may or may not be an associate of or related to this Company, upon such terms and conditions as the directors of this Company shall approve, provided that the Toronto Stock Exchange approves of such terms and conditions before effecting such borrowings."

3. To transact such further and other business as may properly come before the said meeting or any adjournment thereof.

If you are unable to be personally present at the meeting and are the holder of shares of the Company, you may vote your shares at the meeting by means of the enclosed form of Instrument of Proxy or by any other appropriate form. Instrument of Proxy forms may be mailed to the Secretary of the Company by means of the enclosed self-addressed envelope.

DATED at Toronto this 10th day of December, 1969.

By Order of the Board of Directors,

WALLACE D. MACAULAY,
Secretary.

KEY ANACON MINES LIMITED

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by or on behalf of the management of KEY ANACON MINES LIMITED (hereinafter sometimes called the "Company") for use at a general meeting of the shareholders of the Company to be held at the New Brunswick Room, Royal York Hotel, Toronto, Ontario, Canada, on Monday, the 29th day of December, 1969, for the purposes set forth in the foregoing notice of meeting.

RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used or with the chairman of such meeting on the day of the meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only shareholders of the Company of record at the time of the meeting will be entitled to vote at the meeting. Each share of the Company is entitled to one vote. The Company has only one class of shares. At December 1, 1969, the Company had outstanding 8,166,157 shares with a par value of 20¢ each, all as fully paid.

To the knowledge of the Directors or senior Officers of the Company, the following were at December 1, 1969, the only beneficial owners directly or indirectly of equity shares of the Company which carry more than 10% of the voting rights attached to all equity shares of the Company:

<u>Name of Shareholder</u>	<u>Approximate No. of Shares</u>	<u>Percentage of Out- standing Equity Shares Represented</u>
Barclays (Nassau) Nominees Co. Limited	3,491,772	42.8%
K. C. Irving Limited	1,041,385	12.8%

PARTICULARS OF MATTERS TO BE ACTED UPON AND DISCRETIONARY AUTHORITY

The Shareholders will be asked at the forthcoming general meeting to consider and, if thought fit, to confirm an agreement made between the Company and Kent Line Limited ("Kent Line") of Saint John, New Brunswick, which agreement is dated November 18, 1969. The agreement provides that Kent Line will lend to the Company the principal sum of \$200,000.00 which loan shall be evidenced by a promissory note made by the Company in favour of Kent Line payable two years after the date and bearing interest until repayment at the rate of 8¾% per annum which interest shall be payable monthly. The loan may be prepaid in whole, but not less than the whole, without penalty or bonus upon not less than sixty (60) days written notice to Kent Line. As security for the loan and while any part thereof is outstanding, the Company has agreed that it will charge in favour of Kent Line all shares of Brunswick Mining and Smelting Corporation Limited owned by the Company subject, however, to the present charge thereon in favour of the Royal Bank of Canada.

Agreement
with Kent
Line
Limited

In consideration of the loan the Company has agreed to grant to Kent Line or its nominee or nominees, an irrevocable option exercisable during the period of time that the promissory note is outstanding and unpaid less one business day, but in any event no later than two years after its date, by which Kent Line or its nominee or nominees may purchase treasury shares of the Company at any time and from time to time while the option is outstanding, up to an aggregate value of \$200,000. The purchase price of such shares will be computed at the equivalent of the average daily closing price for board lots of shares of the Company traded on the Toronto Stock Exchange over the three month period immediately preceding the date of purchase of the shares, less 20% of such average daily closing price, provided, however, that such purchase price shall never be less than 45¢ per share.

It is a further term of the agreement that no shares may be purchased through exercise of the said option right at any time except to at least an aggregate value of \$97,000 at such time, and Kent Line has undertaken and agreed with the Company that any shares purchased under the said option right by it or any nominee shall be purchased for investment only and not with a view to public resale or distribution.

The agreement also provides that while the aforesaid option is outstanding the Company will not without the prior written consent of Kent Line, (i) allot or issue any further shares; (ii) sub-divide or consolidate its existing shares; and (iii) otherwise alter its share capital structure.

It is a condition of the agreement that the agreement be confirmed by the shareholders of the Company. In order for the agreement to become effective it must be confirmed by a majority of the votes cast at the forthcoming general meeting.

The Shareholders will also be asked at the forthcoming general meeting to consider and, if thought fit, to confirm a resolution to be passed by the directors of the Company prior to the said general meeting and which will provide as follows:

"WHEREAS this Company may require funds in an aggregate amount of approximately \$600,000 prior to the next annual meeting of the shareholders of this Company, such funds to be used for repaying bank loans, interest and other corporate purposes;

AND WHEREAS this Company may wish to borrow such funds at any time and from time to time prior to the next annual meeting of the shareholders of this Company from Kent Line Limited, its nominee or nominees, or any other lender which may or may not be an associate of or related to this Company.

NOW THEREFORE BE IT RESOLVED that the general meeting of the shareholders of this Company called to approve of the terms and conditions pertaining to the current borrowing of \$200,000 by this Company from Kent Line Limited be requested to approve of this Company borrowing at any time and from time to time prior to the next annual meeting of the shareholders of this Company an aggregate amount not exceeding \$600,000 from Kent Line Limited, its nominee or nominees, or from any other lender which may or may not be an associate of or related to this Company, upon such terms and conditions as the directors of this Company shall approve, provided that the Toronto Stock Exchange approves of such terms and conditions before effecting such borrowings."

The purpose of securing the foregoing confirmation is to enable the directors of the Company to act promptly in the event that any funds are required by the Company to pay outstanding bank loans and interest or for any other corporate purposes, prior to the next annual meeting of the shareholders of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

K. C. Irving Limited, of Saint John, N.B. is the owner, of record and beneficially, of 1,041,385 issued shares of the Company representing 12.8% of the outstanding equity shares entitled to vote at the forthcoming meeting. The Company understands that the persons having the ultimate beneficial interest as shareholders of K. C. Irving Limited include some of the persons who have the ultimate beneficial interest as shareholders of Kent Line Limited also of Saint John, N.B. ("Kent Line"). The said Kent Line has entered into an agreement with the Company dated November 18, 1969, and confirmation of which agreement is to be considered at the general meeting of shareholders. Reference is made to the foregoing Notice of Meeting and to the heading "PARTICULARS OF MATTERS TO BE ACTED UPON AND DISCRETIONARY AUTHORITY" for details of the terms of the agreement and a statement of the rights and benefits of Kent Line thereunder. The aforesaid shareholder, K. C. Irving Limited, may be said to have a material interest in the said transaction to the extent that it may be classed as an associate of Kent Line and to the extent that Kent Line by virtue of its option to purchase shares of the Company, as set out in the said

agreement receives any extra or special benefit or advantage not shared on a pro rata basis by all of the holders of shares of the Company.

OTHER MATTERS

The management of the Company knows of no matters to come before the forthcoming general meeting of shareholders other than the matters which are referred to in the foregoing Notice of Meeting and in this Information Circular. In the event that any other matters which are now not known to management, shall properly come before the meeting, Instruments of Proxy received by management will be voted on such matters in accordance with the best judgment of the person or persons voting the proxies, and discretionary authority necessary in such event is conferred by any person giving the proxy to management.

MANNER OF VOTING PROXIES

THE SHARES REPRESENTED BY PROXIES RECEIVED BY THE MANAGEMENT WILL BE VOTED AND WILL BE VOTED IN ACCORDANCE WITH THE STATEMENTS MADE HEREIN.

THE INSTRUMENT OF PROXY FORM AFFORDS SHAREHOLDERS RECEIVING THE SAME THE OPPORTUNITY TO SPECIFY A CHOICE WITH RESPECT TO CONFIRMATION OR OTHERWISE OF THE AGREEMENT WITH KENT LINE LIMITED REFERRED TO ABOVE AND WITH RESPECT TO CONFIRMATION OR OTHERWISE OF THE RESOLUTION TO BE PASSED BY THE DIRECTORS OF THE COMPANY PERTAINING TO THE FUTURE BORROWINGS OF THE COMPANY NOT EXCEEDING \$600,000. WHERE THE PERSON OR COMPANY WHOSE PROXY IS SOLICITED SPECIFIES A CHOICE WITH RESPECT TO THESE MATTERS, THE SHARES REPRESENTED BY THE PROXY SHALL (SUBJECT TO SECTION 75f OF THE CORPORATIONS ACT) BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS SO MADE. WHERE A CHOICE IS NOT SO SPECIFIED, IT IS THE INTENTION OF MANAGEMENT TO VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF CONFIRMATION OF THE KENT LINE AGREEMENT AND THE RESOLUTION PERTAINING TO FUTURE BORROWINGS. DISCRETIONARY AUTHORITY FOR SO DOING IN SUCH EVENT IS UNDERSTOOD TO HAVE BEEN CONFERRED UPON MANAGEMENT BY THE PERSON GIVING THE PROXY.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING. IF SO DOING AND USING THE ACCOMPANYING INSTRUMENT OF PROXY, HE SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFORE. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

DATED as of this 1st day of December, 1969.

KEY ANACON MINES LIMITED

Suite 908 — 330 Bay Street
Toronto, Ontario

THE SHAREHOLDERS
KEY ANACON MINES LIMITED

Dear Sir or Madam:

Your Company requires additional funds to meet bank interest and other corporate expenses. These expenses include the preparation of an independent feasibility report on the Company's base metal property in the Province of New Brunswick. The report is required to ascertain the feasibility of putting the property into production and the basis for raising the necessary funds.


Kent Line Limited has agreed to loan the Company \$200,000 for the above purposes under the conditions explained in the enclosed material, provided that the terms of the loan are ratified by the Shareholders. Your Directors consider the terms under which the funds are being provided to be reasonable and in the best interests of the Shareholders.

The Company's mining claims and mining concessions in the Townships of La Dauversiere and Rohault in the Province of Quebec have been sold for a consideration of 300,000 shares in the capital stock of Ammark Mines Limited under a joint agreement between Zinc Metal Corporation, the Company and Rohault Mines Limited. The agreement provides that the Company will have one representative on the Board of Directors of Ammark as long as we retain 200,000 shares of Ammark.

Yours very truly,

Key Anacon Mines Limited

R. J. ISAACS, *President*



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KEY ANACON MINES LIMITED

PROXY

The undersigned shareholder of KEY ANACON MINES LIMITED (the "Company") hereby appoints R. J. Isaacs, the President, or him failing Wallace D. Macaulay, the Secretary or in the place of the foregoing _____ of _____ as the proxy of the undersigned to vote and act for and on behalf of the undersigned at the general meeting of shareholders of the Company to be held on the 29th day of December, 1969, and at every adjournment thereof; and, without limiting the general authorization and power hereby given, the persons named above are specifically directed to vote in respect of Items 1 and 2 set out in the Notice of the general meeting of shareholders as indicated below:

FOR	<input type="checkbox"/>	Confirmation of the agreement made between the Company and Kent Line Limited and
AGAINST	<input type="checkbox"/>	dated November 18, 1969.
FOR	<input type="checkbox"/>	Confirmation of the resolution of the Company's directors pertaining to future borrowings
AGAINST	<input type="checkbox"/>	not exceeding \$600,000.

Unless otherwise specified above, this proxy will be voted in favour of confirmation of the agreement referred to above and the directors resolution pertaining to future borrowings of the Company not exceeding \$600,000.

If any further matters properly come before the meeting this proxy will be voted according to the discretion of the person voting this proxy.

DATED the _____ day of December, 1969.

R. J. Isaacs,
908, 330 Bay St.,
Toronto, Ont.

Signature of Shareholder

NOTE 1. Where the instrument is signed by a corporation its corporate seal must be affixed.

2. This proxy is solicited by the management.

If you are the holder of shares and are not able to be personally present at the general meeting of shareholders, kindly fill in, sign and return this instrument of proxy in the envelope provided for that purpose.

